



November 6, 2013

Dr. David J. Spittal, President
MidAmerica Nazarene University
2030 East College Way
Olathe, KS 66062-1899

Overnight Mail, Tracking #
1ZA879642498518745

RE: **Final Program Review Determination**
OPE ID: 00703200
PRCN: 201210727742

Dear Dr. Spittal:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on April 10, 2012 covering MidAmerica Nazarene University's (MNU) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 award year. MNU's final response was received on January 10, 2013. A copy of the program review report (and related attachments) and MNU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by MNU upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

This FPRD contains one or more findings regarding MNU's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are \$83,903.50.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft

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or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendix B also contains PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 10, 2012 program review report. If MNU wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date MNU receives this FPRD. An original and four copies of the information MNU submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

MNU's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to MNU's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Mr. Jim Wyant at 816-268-0431.

Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely 

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Ralph A. Lobosco
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Perry Diehm, Financial Aid Administrator
Andy Tompkins, Kansas Board of Regents
David Russell, Missouri Coordinating Board for Higher Education
Sylvia Manning, North Central Association of Colleges and Schools, The Higher Learning Commission

Prepared for
MidAmerica Nazarene University

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OPE ID: 00703200
PRCN: 201210727742

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination
November 6, 2013

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A. Institutional Information

MidAmerica Nazarene University
2030 East College Way
Olathe, KS 66062-1899

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: North Central Association of Colleges and Schools- Higher Learning Commission

Current Student Enrollment: 2,231 (2010-2011)

% of Students Receiving Title IV: 71.0% (2010-2011)

Title IV Participation: G5

2009-2010

Federal Pell Grant	\$ 1,676,500.00
Academic Competitiveness Grant (ACG)	\$ 53,800.00
National Smart Grant	\$ 18,000.00
Teach Grant	\$ 125,000.00
Federal Direct Subsidized Loan Program	\$ 4,900,534.00
Federal Direct Unsubsidized Loan Program	\$ 6,107,744.00
Federal Direct Plus Loan Program	\$ 1,326,315.00
Federal Direct Graduate Plus Loan Program	\$ 46,076.00
Federal Perkins Loan Program	\$ 292,225.00
Federal Supplemental Educational Grant Program (FSEOG)	\$ 163,286.00
Federal Work Study Program (FWS)	\$ 149,152.00

Default Rate FFEL/DL:	2009 2.6%
	2008 3.1%
	2007 1.6%

Default Rate Perkins:	2010 11.7%
	2009 11.3%
	2008 7.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at MidAmerica Nazarene University (MNU) from December 5, 2011 to December 8, 2011. The review was conducted by Mr. Jim Wyant and Ms. Joy Frazier.

The focus of the review was to determine MNU's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV, HEA programs. The review consisted of, but was not limited to, an examination of MNU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 20 files was identified for review from the 2010-2011 award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. Appendix A identifies the students whose files were examined during the program review. A Program Review Report was issued on April 10, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning MNU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve MNU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 2, 3, 4, and 6

MNU has taken the corrective actions necessary to resolve findings 2, 3, 4, and 6 of the program review report. Therefore, these findings may be considered closed. MNU's response to the program review report resolving these issues can be found in Appendix D.

Findings requiring further action by MNU are discussed below.

Resolved Finding with Comments

The following program review finding has been resolved by the institution, and may be considered closed. This finding is included solely for the purpose of discussing resolution of the finding.

Finding 5: Failure to Comply With the Drug and Alcohol Prevention Regulations

Citation Summary: The Department's regulations and the Drug Free Schools and Campus Act require participating institutions of higher education to conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the program if they are needed; and (2) ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced. 34 C.F.R. §86.100 (b) (1) (2).

In addition, an institution's drug prevention program must include an annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit. 34 C.F.R. § 86.100 (a).

Noncompliance Summary: MNU does not have an official drug and alcohol prevention program and does not conduct a biennial review. In addition, MNU does not distribute information annually to staff which discusses the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.

Required Action Summary: MNU must immediately develop a drug and alcohol prevention program to ensure it includes all regulatory components. Additionally, MNU must distribute these policies to all staff and students, even those who are taking reduced coursework to ensure the entire campus body is aware of the policies and consequences. MNU must conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations.

MNU's Response: Finding #5 – Failure to comply with the Drug and Alcohol Prevention Regulations

Upon investigating this finding, I discovered MNU does have a drug and alcohol Prevention policy and it is distributed to all employees and students in conjunction with the Crime Statistics Report.

The following verbiage will be added to the policy. An annual review of this policy will be conducted by members of the Community Formation, Retention and Student Success, and Student Financial Services each August. Other members of the campus community may be included as needed to update and improve this policy.

A meeting of the Drug and Alcohol Prevention Policy Committee took place on Jan 3, 2012. A copy of the minutes of this meeting is attached.

Final Determination: The Department has determined that MNU did not adequately develop a drug and alcohol prevention program and did not conduct a biennial review process prior to the on-site program review.

Under the Drug Free Schools and Campus Act and the Department's regulations, Institutions must conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the program if they are needed; and (2) ensure that the disciplinary sanctions are consistently enforced. 34 C.F.R. § 86.100 (b)(1)(2). In addition, an institution's drug prevention program must include an annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit. 34 C.F.R. § 86.100 (a).

In reviewing the documentation submitted by MNU, the Department acknowledges the institution provided documentation reflecting that MNU has enhanced written policies and procedures, and provided assurances that in the future the institution will offer additional drug and alcohol programming. The Department also acknowledges MNU's commitment to conducting the biennial review process and revising applicable policies, procedures, and programming as needed to remain in compliance with regulatory guidelines.

If fully implemented and sustained, MNU's corrective actions should result in improved compliance with the Drug Free Schools and Campus Act going forward. Therefore, the Department accepts the institution's corrective actions. Our acceptance is based on the documents submitted for our review as well as MNU's representation that it understands its regulatory obligations under the Drug Free Schools and Campus Act and that it will take all necessary corrective action to ensure that this violation does not recur. All such corrective action MUST be completed and incorporated into all future biennial reviews to be conducted by MNU.

Although the corrective action is accepted, MNU is reminded that corrective actions, whether already implemented or planned for the future, do not diminish the seriousness of the drug and alcohol awareness violations identified during the program review. The Department reminds

MNU of its obligation to review MNU's policies and procedures for providing effective drug and alcohol awareness programming to current, prospective, and new students as well as employees in compliance with current federal regulations on an annual basis.

Finding with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of MNU's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on April 10, 2012 is attached as Appendix C.

Finding 1. Failure to Appropriately Administer Title IV, HEA Funds for Non-Term Programs

Citation Summary: *Payment periods for an eligible program that measures progress in credit hours that do not have academic terms (programs that do not meet the definition of standard or nonstandard terms) are defined as:*

- *For a student enrolled in an eligible program that is one academic year or less in length, the first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the program and half of the number of weeks of instructional time in the program. The second payment period is the period of time in which the student successfully completes the program or the remainder of the program.*
- *For a student enrolled in an eligible program that is more than one academic year in length, the first academic year and any subsequent full academic year is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the academic year and half of the number of weeks of instructional time in the academic year. The second payment period is the period of time in which the student successfully completes the academic year.*
- *For any remaining portion of an eligible program that is more than half an academic year but less than a full academic year in length, the first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the remaining portion of the program and half of the number of weeks of instructional time remaining in the program; and the second payment period is the period of time in which the student successfully completes the remainder of the program.*
- *For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program.*
34 C.F.R. § 668.4(c).

34 C.F.R. §668.4 (f) states, "If a student withdraws from a program during a payment period and then reenters the same program within 180 days, the student remains in that same payment period when he or she returns and, subject to conditions established by the Secretary is eligible to receive any Title IV, HEA program funds for which he or she was eligible prior to withdrawal, including funds that were returned by the institution or student under the provisions of 34 C.F.R. § 668.22.

An institution calculates new payment periods for the remainder of a student's program for a student who withdraws from a program and reenters that program after 180 days. 34 C.F.R § 668.4 (g).

A student successfully completes credit hours if the institution considers the student to have passed the coursework associated with those hours. 34 C.F.R. § 668.4 (h).

Guidance from the 2010-2011 Federal Student Aid Handbook states, "For FSA purposes, an institution will use either "term-based" payment periods (the payment period is the term), or payment periods based on the completion of credit or clock hours and weeks of instructional time. The payment period an institution must use depends on the kind of academic calendar the school uses and the FSA programs for which the school is disbursing funds.

A program that measures progress in credit hours must use a non-term academic calendar if it has:

- courses that do not begin and end within a set period of time;*
- courses that overlap terms;*
- self-paced and independent study courses that overlap terms; or*
- sequential courses that do not begin and end within a term.*

Eligible programs that measures progress in credit hours and do not have academic terms must use payment periods that are based on the time it takes for the student to successfully complete the credit or clock hours and weeks of instructional time in the payment period. For these programs, each subsequent payment period cannot begin until the student successfully completes the credit or clock-hours and weeks of instruction in the previous payment period. Successful completion means that the student has earned a passing grade or otherwise received credit for the credits or clock hours in the payment period." 2010-2011 Federal Student Aid Handbook, Volume 3

For loan purposes, non-term programs, as well as programs that mix nonstandard term and standard terms that do not have a scheduled academic year, must be certified using a Borrower Based Academic Year (BBAY) methodology. A BBAY3 loan period:

- 1) Floats with a student's enrollment;*

- 2) *Begins when a student's enrollment is at least a half-time basis;*
- 3) *Must meet at least the minimum requirements for hours/weeks of the program's FSA academic year;*
- 4) *May not exceed the annual loan limit (the total of all loans received within a BBAY3);*

A student becomes eligible for a new annual loan limit only after successfully completing the clock or credit hours AND weeks of instructional time in the BBAY3. A student cannot receive subsequent disbursements of loan funds until the student successfully completes one-half of the hours and the weeks of the student's academic year.

A student who successfully completes the hours to progress to the institution's next academic grade level may not become eligible for the higher grade level annual loan limits until after successful completion of the student's BBAY3.

After original certification of a loan, a student may receive additional loans within a BBAY3 only if the:

- *student did not receive the maximum annual loan amount and has remaining eligibility,*
or;
- *student changes from a dependent to an independent student status.*

If a loan period is more than one payment period, the school must disburse loan proceeds at least once in each payment period. The school must disburse loan proceeds in substantially equal installments, and no installment may exceed one-half of the loan.

34 C.F.R. 685.301(b)(5).

Noncompliance Summary: *MNU offers accelerated degree completion programs tailored to meet the needs of non-traditional students. Accelerated courses are offered in five or eight week block periods in which students attend class one night per week for four hours. MNU offers accelerated programs in Management and Human Relations, Public Administration, Business Administration, Counseling, and RN/BSN as well as some graduate level programs.*

MNU did not award and disburse title IV, HEA funds based on rules established for the administration of Title IV, HEA funds for students enrolled in a non-term program. Multiple required policies and procedures are impacted by failure to administer the programs as non-term including awarding aid, disbursing aid, Return to Title IV processes and Satisfactory Academic Progress evaluation.

Students # 17 and #18 serve as examples to illustrate the deficiencies in MNU's administration of Title IV, HEA funds for non-term programs.

Student #17: *This student began attendance in the MHR program August 12, 2010, outside of the standard academic term, which began August 31, 2010. The student completed 12 credit*

hours of study on January 19, 2011, which extended beyond the standard calendar for the Fall semester, which ended on December 17, 2010. Therefore, the student's aid cannot be processed according to a standard disbursement schedule.

MNU's failure to disburse Title IV, HEA funds based on statutes and regulations established for non-term programs resulted in the incorrect certification of Direct Loan periods. MNU incorrectly certified Direct Stafford Subsidized and Unsubsidized loans in the amounts of \$194 and \$1,882, respectively, for the loan period of August 12, 2010 through August 25, 2011. If a student does not successfully complete a payment period in a non-term program on the originally scheduled end date, the school is required to update the student's loan period to reflect the student's new anticipated end date for the payment period. In this instance, the student withdrew from the fifth module and thus the student's payment period should have been extended accordingly.

Furthermore, the fifth module of the program began on January 20, 2011 and records indicate the student was administratively withdrawn on February 21, 2011. No Return to Title IV was processed at this time because the student was still enrolled for future modules. When the Return to Title IV was completed on July 5, 2011, MNU determined the student's second term ran from February 20, 2011 through April 28, 2011. However, this term should have been calculated based on when the student would have completed an additional 12 credit hours, or March 10, 2011 through August 17, 2011.

MNU has no standard processes for determining the dates of the payment period for students enrolled in these programs. It appears each student is arbitrarily assigned an enrollment period based on course beginning and ending dates.

Student #18: *This student began attendance in the MHR program September 29, 2010. The student completed 12 credit hours of study on February 8, 2011, which extended beyond the standard calendar for the Fall semester, which ended on December 17, 2010. Therefore, the student's aid cannot be processed according to a standard disbursement schedule.*

MNU's failure to disburse Title IV, HEA funds based on statutes and regulations established for non-term programs resulted in the incorrect certification of Direct Loan periods. MNU incorrectly certified Direct Stafford Subsidized and Unsubsidized loans in the amounts of \$4,316 and \$4,668, respectively, for the loan period of September 29, 2010 through August 24, 2011. If a student does not successfully complete a payment period in a non-term program on the originally scheduled end date, the school is required to update the student's loan period to reflect the student's new anticipated end date for the payment period. In this instance, the student withdrew from the sixth module and thus the student's payment period should have been extended accordingly.

Furthermore, the sixth module of the program began on April 27, 2011 and records indicate the student withdrew on May 25, 2011. The Return to Title IV was completed on July 5, 2011 and MNU determined the student's term ran from April 27, 2011 through August 24, 2011. However,

this term should have been calculated based on when the student would have completed an additional 12 credit hours, or March 9, 2011 through August 30, 2011.

MNU has no standard processes for determining the dates of the payment period for students enrolled in these programs. It appears each student is arbitrarily assigned an enrollment period based on course beginning and ending dates.

Required Action Summary: *MNU must develop written policies and procedures for awarding aid, disbursing aid, Return to Title IV calculations, and evaluating Satisfactory Academic Progress for all non-term programs. A copy of these procedures must be provided to this office within 30 days of receipt of this correspondence. Upon approval of the policy, MNU must apply the policies and review the financial aid files of all Title IV recipients who were enrolled in an accelerated degree completion program during the 2010/11 and 2011/12 award years as follows:*

In response to this report, MNU must review the enrollment history for each Title IV, HEA recipient enrolled in an accelerated program from the 2010-2011 award year to present. MNU must prepare a spreadsheet listing all of the students included in this file review and recalculate each student's financial assistance based on successful completion of payment periods. In cases where liabilities are identified as a result of the file review, MNU must list the liability amount by Title IV, HEA program. MNU must provide the following information in spreadsheet format, along with the required hard copy documentation listed below:

- (1) Student's first and last name;*
- (2) Social Security number (last four digits only);*
- (3) Award year student enrolled in the accelerated program*
- (4) Reconstruction of each payment period the student attended based on successful completion of the prior payment period.*
- (5) Student's grade level based on hours completed for each payment period;*
- (6) Actual Amount of Federal Pell Grant disbursed;*
- (7) Date of Federal Pell Grant disbursement;*
- (8) Amount of Federal Pell Grant that should have been disbursed for the payment period;*
- (9) Amount of Federal ACG disbursed;*
- (10) Date of Federal ACG disbursement;*
- (11) Amount of Federal ACG that should have been disbursed for the payment period;*
- (12) Amount of Federal Smart Grant disbursed;*
- (13) Date of Federal Smart Grant disbursement;*
- (14) Amount of Federal Smart Grant that should have been disbursed for the payment period;*
- (15) Amount of Federal Teach Grant disbursed;*
- (16) Date of Federal Teach Grant disbursement;*
- (17) Amount of Federal Teach Grant that should have been disbursed for the payment period;*

- (18) *Amount of Federal SEOG Grant disbursed;*
- (19) *Date of Federal SEOG Grant disbursement*
- (20) *Amount of Federal SEOG Grant that should have been disbursed for the payment period;*
- (21) *Amount of Federal Perkins Loan disbursed;*
- (22) *Date of Federal Perkins Loan disbursement;*
- (23) *Amount of Federal Perkins Loan that should have been disbursed for the payment period;*
- (24) *Amount of Federal Subsidized Loan disbursed;*
- (25) *Date of Federal Subsidized Loan disbursement;*
- (26) *Amount of Federal Subsidized Loan that should have been disbursed for the payment period;*
- (27) *Amount of Federal Unsubsidized Loan disbursed;*
- (28) *Date of Federal Unsubsidized Loan disbursement;*
- (29) *Amount of Federal Unsubsidized Loan that should have been disbursed for the payment period;*
- (30) *Amount of Federal PLUS Loan disbursed;*
- (31) *Date of Federal PLUS Loan disbursement;*
- (32) *Amount of Federal PLUS Loan that should have been disbursed for the payment period;*
- (33) *Legible copy of student's admission application;*
- (34) *Legible copy of student's original account card;*
- (35) *Legible copy of student's academic transcript.*

An example of how the file review information should be reported is included as Appendix B: Spreadsheet (Finding 1) Non-Term Program Disbursements to this report.

MNU is also required to perform a Return to Title IV funds calculation for each student identified in the file reconstruction required in this finding who withdrew or ceased attending MNU prior to the completion of the payment period.

For Returns that are found to be improperly calculated and Returns that should have been calculated but were not, MNU must perform a correct calculation or recalculation.

The materials the institution must submit include:

- (1) *A spreadsheet that contains, for each Title IV recipient who officially or unofficially withdrew, the following information:*
 - (a) *Student's name;*
 - (b) *Last four digits of student's SSN number;*
 - (c) *Student's last date of attendance;*
 - (d) *Student's withdrawal date;*
 - (e) *The date that Midwest Baptist determined that the student withdrew;*
 - (f) *The date that the original Return was calculated;*

- (g) The amount of Title IV funds returned, if applicable (organized by Title IV program);*
- (h) The date(s) the Return(s) were made (organized by Title IV program);*
- (i) Amount of post-withdrawal disbursement (PWD), if applicable;*
- (j) Title IV program from which PWD was made;*
- (k) Date PWD was paid;*
- (l) Date of corrected Return of Title IV Funds calculation, if applicable;*
- (m) Corrected amount of Return, if applicable;*
- (n) Title IV program to which corrected Return(s) was made;*
- (o) Date of corrected Return;*
- (p) Amount of PWD, if applicable;*
- (q) Title IV program from which PWD was made;*
- (r) Date PWD was paid.*

The spreadsheet should be organized by award year, and then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM format;

- (2) A copy of the complete original Return of Title IV Funds calculation worksheet for each Title IV recipient who withdrew;*
- (3) A copy of the complete corrected Return of Title IV Funds calculation, if applicable;*
- (4) A copy of all pertinent student account cards for the Returns identified above. The account card should reflect the disbursements included in the Return calculation as well as the return of the Title IV funds, if applicable;*
- (5) Legible copies of all audit trail documentation (i.e. wire transfer records on bank statements, institutional drawdown and refund reports, screen prints of Common Origination and Disbursement [COD] screens with pertinent detail information) to support the return of the funds to the Title IV accounts. The documentation must clearly identify the amount of the Return for the individual in question. If a Return was repaid to the Title IV programs by check, then a legible copy of the cancelled check, front and back, must be submitted;*
- (6) A copy of MNU's official withdrawal form (or other official withdrawal documentation) for each Title IV recipient who officially withdrew, with the official date of withdrawal noted;*
- (7) Copies of all pertinent attendance records supporting MNU's determination of the student's last date of attendance;*
- (8) In cases where a post-withdrawal disbursement was calculated, copies of all supporting documentation establishing that the post-withdrawal disbursement of Title IV loan funds was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is available, MNU must provide documentation indicating that the student, or parent in the case of a PLUS loan, was notified that a post-withdrawal disbursement was made on their behalf, the amount of the disbursement, and the date that it occurred;*

(9) In the case of unearned aid that is required to be returned by a student, copies of all supporting documentation establishing that MNU contacted the student and made appropriate repayment arrangements, as outlined in Federal regulations.

The Return of Title IV Funds spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Award year	Student	SSN	Last date of attendance	Withdrawal date	Date of determination	Date of Return calculation	Amount of return if applicable	Title IV program	Date of Return
2007/08	***	***	6/20/08	6/20/08	6/24/08	6/24/08	\$2,000	DL Unsub	7/6/08
	" "	" "	" "	" "	" "	" "	\$1,356	DL Sub	7/6/08
	" "	" "	" "	" "	" "	" "	\$312	Pell	7/4/08

Amount of PWD if applicable	PWD program	Date of PWD Paid	Date of Corrected Return calculation, if applicable	Corrected Amount of return, if applicable	Title IV program	Date of Corrected Return	Amount of PWD if applicable	PWD program	Date of PWD Paid
" "	" "	" "	6/24/08	\$2,000	DL Unsub	7/6/08	" "	" "	" "
" "	" "	" "	" "	\$1,356	DL Sub	7/6/08	" "	" "	" "
" "	" "	" "	" "	\$517	Pell	6/7/10	" "	" "	" "

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

In lieu of performing a file review for the entire population of Title IV, HEA program recipients to determine actual liabilities, MNU has the option of performing this file review for only the remainder of the statistical sample not tested by the Department during the program review. The

results from this file review using the statistical sample will be used to project liabilities for the entire population (i.e., the average liability for the recipients in the statistical sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review.

If MNU wishes to select this option, a request for the statistical samples for award years 2010/11 and 2011/12 must be made to Mr. Jim Wyant within 30 days of the date of this report. File reviews must be performed for all students on each statistical sample listing except those included in Appendix A of this Program Review Report for the respective award year.

If MNU elects to do the full file review, it is recommended that MNU first review the remainder of the students in the statistical sample. At that point, MNU may decide to accept the liability projection instead of continuing with a full file review.

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

In addition, MNU must provide assurance that in the future, it will appropriately award and disburse title IV, HEA financial assistance to students enrolled in all non-term programs based on applicable regulatory guidelines established for such programs.

MNU's Response: Updated policies and procedures for all non-term programs are provided as part of this response that ensures awarding of aid, disbursing of aid, Return to Title IV calculations and evaluation of Satisfactory Academic Progress is completed correctly. Enrollment history for each Title IV, HEA recipient enrolled in an accelerated program from the 2010-2011 award year to present has been evaluated and provided in a spreadsheet as part of the response to the Program Review Report.

Final Determination: MNU is liable for repayment of the Federal Pell Grant funds that were inappropriately disbursed to the students identified in the institution's file review. MNU is required to return the Federal Pell Grant funds improperly disbursed in the sum of \$66,503.00. Additionally, MNU is liable to the Department for imputed interest charges that accrued from the date of disbursement to the date of this determination in the sum of \$414.50. The interest charges were computed using the Current Value Fund Rate Formula as indicated in Appendix G.

The disbursement record for each student identified in Appendix B must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the

Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Mr. Jim Wyant within 45 days of the date of this letter.

The total amount of Federal Direct Loan funds (subsidized and unsubsidized) incorrectly disbursed to students who were enrolled in accelerated courses during the 2010-2011 and 2011-2012 award years is \$751,616.50 (\$751,617.00 rounded). The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on MNU's most recent cohort default rate available (4.10%). As a result, the estimated actual loss that MNU must pay to the Department for the ineligible loans is \$16,986.07 (\$16,986.00 rounded). A copy of the results of that calculation is in Appendix E.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review Determination is as follows. The liability amount reflects **unduplicated** liabilities because no student appears in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. The payment instructions in Section E reflect unduplicated liabilities.

Liabilities	Pell (Closed Award Year)	DL/FFEL	EALF DL	
Finding 1	\$66,503.00			
Subtotal 1	\$66,503.00		\$16,986.00	
Interest/SA	\$ 414.50			
Excess Cash				
ACA				
Subtotal 2	\$ 414.50	\$		
TOTAL	\$66,917.50	\$	\$16,986.00	
Payable To:				Totals
Department	\$66,917.50		\$16,986.00	\$83,903.50
COD Adjustments	\$66,503.00			

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on MNU's most recent cohort default rate available (4.1%).

The total amount of Direct Loan that MNU improperly disbursed during the **2010-2011 and 2011-2012** award years for finding 1 is **\$751,616.50 (\$751,617 rounded)**. The estimated actual loss that MNU must pay to the Department for the ineligible loans is **\$16,986.07 (\$16,986.00 rounded)**. A copy of the results of that calculation is included as Appendix E.

E. Payment Instructions

1. Liabilities Owed to the Department

MNU owes to the Department **\$83,903.50**. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$83,903.50
DUNS: 067948281
TIN: 480730814
Program Review Control Number: 201210727742

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. MNU is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to MNU's account representative.

If full payment cannot be made within **45 days** of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, MNU has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due MNU from the Federal Government. MNU **may object to the collection by offset only by challenging the existence or amount of the debt**. To challenge the debt, MNU must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided**. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

2. Liabilities Owed to the Department in the case of Federal Direct Loans**William D. Ford Federal Direct Loan (Direct Loan) Liabilities:****Direct Loan Estimated Actual Loss**

Finding: 1

Appendix: E

Direct Loan Estimated Actual Loss	
Amount	Award Year
\$16,218.20	2010-2011
\$ 767.87	2011-2012
Total \$16,986.07	
\$16,986.00 Rounded	

MNU must pay the amount reflected above in Direct Loan estimated actual loss liabilities for the award years reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

3. Liabilities Owed to the Department in the case of Title IV, HEA Grants**Federal Pell Grant – Closed Award Year**

Finding: 1

Appendices: G

MNU must repay:

Federal Pell Grant Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$37,029.00	\$333.84	Federal Pell Grant	2010-2011
\$29,474.00	\$ 80.66	Federal Pell Grant	2011-2012
Total Principal	Total Interest		
\$66,503.00	\$414.50		

The disbursement record for each student identified in the appendix to the applicable finding must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Mr. Jim Wyant within 45 days of the date of this letter.

F. Appendices

Appendices A through G are attached to this report.